

CLAIMS

WE CLAIM:

Sub A1

1. An Internet-based payment validation system comprising:
a merchant computer programmed to communicate with the Internet to create
an Internet site listing product for sale and indicating a direct payment option;

5 a customer computer programmed to communicate on the Internet and to
communicate with the merchant computer to identify the product desired to be
purchased and to select the direct payment option, the customer computer further
programmed to accept at least one unique customer identifier from a customer and
communicate the same over the Internet; and

10 a processor computer programmed to receiving at least one customer identifier
from the merchant computer in response to a selection of the direct payment option,
the processor computer further including a data structure matching the customer
identifier to at least one statistical element indicating a probability of a payment
obligation by the customer being honored, and based on that matching statistical
element, transmitting to the merchant computer an authorization indication indicating
15 whether direct payment for the product should be accepted.

2. The Internet-based payment validation system of claim 1 wherein the
statistical element is selected from a group consisting of a total price of the identified
product, the price and timing of previous purchases of other products using the unique
customer identifier, the type of identified product and the occurrence of any dis-
honored payment associated with previous transactions using the customer identifier.

3. The Internet-based payment validation system of claim 1 wherein the
authorization indication is selected from the group consisting of not authorized,
indicating that the acceptance of direct payment is not advised, authorized with no
guarantee, indicating that the acceptance of direct payment is acceptably subject to the
5 discretion of the merchant, and authorized with guarantee, indicating that the amount
of the direct payment will be guaranteed by the processor.

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4. The Internet-based payment validation system of claim 1 wherein the direct payment option is payment by check and wherein the data structure includes a bank routing code and wherein the processor computer further transmits to a magnetic ink printer at the merchant's computer information to cause the printing of a check for the purchase of the merchandise.

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5. The Internet-based payment validation system of claim 1 wherein the direct payment option is payment by check and wherein the data structure includes a bank routing code and wherein the processor computer further transmits to an electronic check clearing network information initiating a demand of the unique demand deposit account.

6. The Internet-based payment validation system of claim 1 wherein the unique customer identifier is selected from the group consisting of: a driver's license number, a phone number, a bank transit and routing number, a arbitrary personal identification number and a combination of all of the previous.

7. The Internet-based payment validation system of claim 1 wherein the processor computer solicits from the customer computer and hence the customer a bank routing code for a first transaction with the customer and provides the customer with a portion of the unique customer identifier.

odd P2

odd C'

odd P2